



# Board Agenda Item 39

DATE: March 19, 2024

TO: Board of Supervisors

SUBMITTED BY: Robert W. Bash, Director of Internal Services/Chief Information Officer

SUBJECT: Retroactive Agreement with Oracle America, Inc.

RECOMMENDED ACTION(S):

- 1. Make a finding that it is in the best interest of the County to suspend the competitive bidding process consistent with Administrative Policy No. 34 for unusual or extraordinary circumstances in order to continue support of PeopleSoft financial, human resource, database products, and cloud services, as the products are proprietary and can only be licensed through Oracle America, Inc.;**
- 2. Approve and authorize the Chairman to execute a retroactive Agreement and Amendment One with Oracle America, Inc., for PeopleSoft licensing, retroactive to February 6, 2024, not to exceed five consecutive years, total not to exceed \$3,978,000; and**
- 3. Authorize the Chief Information Officer or his/her designee to sign and execute various operational documents associated with the payment of the annual license as well as the purchase and technical support of future products, subject to approval as to legal form by County Counsel.**

There is no increase in Net County Cost associated with the recommended actions. Approval of the recommended actions will allow the County to continue with Oracle America, Inc. (Oracle) for licensing of PeopleSoft's Financial Supply Chain Management (FSCM) module, Human Capital Management (HCM) module, Budget and Planning System, and Oracle's Cloud Services solutions. This item is countywide.

ALTERNATIVE ACTION(S):

There are no viable alternative actions. Should your Board not approve the recommended actions, County operations will be impacted, and departments will not be able to continue using Oracle's PeopleSoft products to complete various financial and human resources related tasks that are essential to County operations.

SUSPENSION OF COMPETITION/SOLE SOURCE CONTRACT:

The Internal Services Department (ISD) is requesting the Board suspend the competitive bidding process consistent with Administrative Policy No. 34 under the "unusual or extraordinary circumstances" exception in order for Oracle to continue providing licensing for PeopleSoft products which have been used by the County since 1994. Oracle software is proprietary; as a result, only Oracle can provide the required licensing for the County to continue use of PeopleSoft products. The ISD - Purchasing Division concurs with the Department's request to suspend the competitive bidding process.

RETROACTIVE AGREEMENT:

The recommended agreement is retroactive to February 6, 2024. The delay in bringing this to your Board on an earlier date was due to negotiations with Oracle taking longer than anticipated.

FISCAL IMPACT:

There is no increase in Net County Cost associated with the recommended actions. Sufficient appropriations and estimated revenues are included in the FY 2023-24 Internal Services Department - Information Technology Services Division Org 8905 Adopted Budget and will be included in subsequent annual budget requests.

DISCUSSION:

On June 28, 1994, your Board approved Agreement No. 94-306 with PeopleSoft Corporation (PeopleSoft) for license and support of a Human Resources Management System (HRMS).

On August 5, 1997, your Board approved Master Agreement Nos. 97-376 and First Amendment No. 97-377 with PeopleSoft for license and support of a Financial Information System (FIS).

Oracle purchased PeopleSoft in 2004. On January 26, 2010, your Board approved Master Agreement No. 10-015 with Oracle to purchase additional license and support pursuant to the terms of the original FIS agreement.

On February 4, 2014, your Board approved Master Agreement and First Amendment No. 14-055 with Oracle, to replace and update the original HRMS (No. 94-306), FIS agreement (No. 97-376) and Amendment One to the FIS Agreement (No. 97-377), which updated the term, contractual limit, incorporated certain schedules, and updated the governing law. On February 6, 2014, Oracle countersigned the agreement and Amendment One.

On January 29, 2019, your Board approved Amendment Two to Master Agreement No. 14-055, to extend the term through February 5, 2024, and amend the total compensation amount from \$8,500,000 to \$16,000,000, in order to account for the term extension.

On January 12, 2021, your Board approved Amendment Three to Master Agreement No. 14-055 to add Oracle's Cloud Services and generic services schedules onto the schedule of available products and services.

The recommended Agreement with Oracle deviates from the County's standard as it incorporates a limitation of liability, limiting each party's total liability to the amount of fees paid by the County to the Contractor in the 12 months immediately preceding the date the damaged party notifies the other of a claim. The County and Oracle shall not be responsible for indirect, consequential, incidental, special, punitive, or exemplary damages, or any loss of revenue, profits, sales, data, data use, goodwill, or reputation. The Human Resources Department-Risk Management Division has reviewed the provisions and recommends the agreement not include this limitation of liability language; however, ISD-IT believes that the risks associated with these changes are an acceptable business risk, given the County's longtime relationship with Oracle and the value of its services to County operations.

Approval of the recommended actions will approve the agreement with Oracle for licensing, for a five-year term, total not to exceed \$3,978,000.

REFERENCE MATERIAL:

BAI #25, January 12, 2021  
BAI #25, February 4, 2014  
BAI #32, January 26, 2010  
BAI #11a, August 5, 1997  
BAI #42c, June 28, 1994

ATTACHMENTS INCLUDED AND/OR ON FILE:

Sole Source Acquisition Request  
On file with Clerk - Agreement with Oracle America, Inc.

CAO ANALYST:

Ahla Yang